

STATE OF NEW HAMPSHIRE

Public Utilities Commission

AUDIT FINDINGS for the Nine-Month Financial Audit ending March 31, 2015

Status as of July 14, 2016

Completion Status:

- Open •
- Partially Resolved ••
- Substantially Resolved •••
- Fully Resolved ••••

Obs #	Observation Title	Recommendation	Action Item	Due Date	Completion Status	Comments
1	<i>Establish A Formal Risk Assessment Process</i>	<p>The Commission should establish a formal risk assessment process supported by policies and procedures for recognizing, evaluating, and responding to risks that could affect their ability to reach their objectives.</p> <p>The Commission should regularly review its financial and operational activities for indicators of risk exposure, and establish and monitor controls that appropriately address those risks. Commission employees with particular areas of expertise and knowledge of Commission operations should participate in the review to ensure that details of operations that may not be obvious to management are appropriately considered.</p>	Develop policies and procedures for a formal risk assessment with a particular emphasis on fraud reporting and prevention.	June 2016	••••	The Commission has developed a risk assessment process to cover four major financial risk areas: Internal policies and procedures changes, personnel changes, program funding changes, and external market changes.
2	<i>Establish A Policy And Procedure To Ensure Timely Requests Are Made To Accept And Expend Funding</i>	The Commission should establish a policy and procedure to ensure it timely requests an increase in its grant class	The Commission will timely submit a request to the Bureau of Accounts to increase its	On-going	••••	When needed, the Commission has made a request to the Bureau of Accounts

	<i>In Excess Of Appropriation</i>	appropriation whenever auction proceeds exceed the budgeted amount in order to ensure all financial activity is accurately reflected in NHFirst.	grant class appropriation whenever auction proceeds exceed the budgeted amount.			as soon as the auction proceeds are published.
3	<i>Document Utility Assessment Review</i>	The Commission should redesign its annual utility assessment review control to require the reviewer of the assessment to evidence their review and approval of, 1) the calculations and supporting exhibits used to arrive at the amounts assessed the utilities for the cost of regulation, and 2) the publication of the List of Utility Assessments.	Document review and approval of the steps in the developing and publishing the Utility Assessments.	On-going	••••	The Commission implemented these changes in February for the August 2016 assessment.
4	<i>Establish Policies And Procedures To Support Reconciliation Controls</i>	The Commission should complement its revenue and expenditure reconciliation procedures with documented policies and procedures for the performance of the reconciliations and the review and approval control over those reconciliations. The review and approval control should address both the timely and complete performance of the reconciliation and the resolution of any differences indicated by the reconciliation. The review and approval function should be separate from the preparation	Develop written procedures with separate review and approval functions for all monthly reconciliation activities.	On-going	••••	The Commission has established a standard for the written procedures and has assigned staff to develop them.

		function and the preparer and reviewer/approver should be clearly identified. Further, the Commission should establish a written policy and procedure for the reconciliation process to help ensure expectations are understood, to set the rules for the process and provide guidance, and to promote consistency in practice.				
5	<i>Review The Financial Reporting Of Utility-Administered Public Benefit Programs</i>	The Commission should review the nature and operation of its low-income bill-paying assistance and energy-efficiency programs with the Department of Administrative Services to determine whether those programs should be included in the State's financial reporting.	Review this issue with the Department of Administrative Services.	Open	●●●	The Commission has met with Administrative Services.
6	Periodically Advise And Remind Associated Individuals To File Required Statements Of Financial Interests	The Commission should periodically advise and remind required employees and members of associated boards of their responsibility to file timely Statements of Financial Interests, pursuant to RSA 15-A.	Advise members of its administratively attached agencies and boards of their responsibility to file a Statement of Financial Interests at the same time that it reminds its own employees of that obligation, in December of each year.	On-going	●●●●	The Commission has added the Office of the Consumer Advocate and Site Evaluation Committee to the notification procedure.
7	Department of Administrative Services Should Establish Financial	The Department of Administrative Services should establish a framework to be	N/A			The audit of the Commission was the first financial audit of

	Reporting Framework To Assist Agencies	used to assist a State department, board, institution, commission, or agency, in the preparation of financial statements in a manner consistent with generally accepted accounting principles, when such entity is subject to an audit performed by the Audit Division of the Office of Legislative Budget Assistant pursuant to RSA 14:31-a, I. The framework should promote the efficient preparation of financial statements and related information that would be comprehensive, and consistently prepared and presented by State entities under audit.				an agency initiated subsequent to the amendment to RSA 21-I:8, II (c). While there were conflicting priorities and staffing shortages, the Commission found the Department of Administrative Services to be helpful.
9	Include The Electric Assistance Program In The State Operating Budget	The Commission should include the EAP in the biennial operating budget as required by RSA 6:12-b. If the Commission determines including the EAP in the budget is not of benefit to the Commission or State, the Commission should seek to have the statute appropriately amended.	Review this issue with the Department of Administrative Services. Amend RSA 6:12-b	Open	●●●	The Commission has met with Administrative Services. Amending RSA 6:12-b is still under consideration for next legislative session.